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Before the FEDERAL COMMUNICATIONS COMMISSION Washington, DC 20554

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In the Matter of	OFFICE OF THE SECRETARY
MTS and WATS Market Structure) CC Docket No. 78-72
Amendment of Part 36 of the)
Commission's Rules and Establishment) CC Docket No. 80-286
Of a Joint Board)

PETITION OF U S WEST COMMUNICATIONS, INC. FOR TECHNICAL CORRECTIONS

U S WEST Communications, Inc. ("U S WEST") hereby petitions the Federal Communications Commission ("Commission") for technical corrections to the published versions of its July 20, 1989 <u>Decision and Order</u> (the "<u>Mixed Use Order</u>") in the above-captioned proceeding.¹ In the <u>Mixed Use Order</u>, Subcategory 1.1 was revised to read as follows:

Subcategory 1.1 - State private lines and state WATS lines. This subcategory shall include all private lines and WATS lines carrying exclusively state traffic as well as private lines and WATS lines carrying both state and interstate traffic if the interstate traffic on the line involved constitutes ten percent or less of the total traffic on the line.²

When the revised rule stated above was published in the Federal Register, thereby effecting the rule change, the word "carrying" was misspelled as "carring," and certain text was inadvertently added to the section as follows:

¹ In the Matter of MTS and WATS Market Structure and Amendment of Part 36 of the Commission's Rules and Establishment of a Joint Board, Decision and Order, 4 FCC Rcd. 5660 (1989), attached hereto as Exhibit A.

Subcategory 1.1 - State private lines and state WATS lines. This subcategory shall include all private lines and WATS lines carring exclusively state traffic as well as private lines and WATS lines carrying exclusively interstate traffic as well as private lines and WATS lines carrying both state and interstate traffic if the interstate traffic on the line involved constitutes ten percent or less of the total traffic on the line.³ (emphasis added)

Upon publication of the above rule in the Code of Federal Regulations, Subcategory

1.1 was erroneously printed just as it was published in the Federal Register.⁴

U S WEST, among others, frequently cites to the <u>Mixed Use Order</u> in its proceedings with state public service utilities,⁵ and thus, 47 C.F.R. § 36.154 should be corrected.⁶ U S WEST petitions the Commission to take this opportunity to make the minor technical corrections to the rule. These modifications are nonsubstantive rule changes that do not require notice and comment under the Administrative Procedure Act.⁷

CONCLUSION

U S WEST requests that the Commission correct 47 C.F.R. § 36.154 to reflect

² <u>Id.</u> at 5661.

³ 54 Fed. Reg. 31,032, pub. July 26, 1989, attached hereto as Exhibit B.

⁴ 47 C.F.R. § 36.154(a), attached hereto as Exhibit C.

⁵ <u>See e.g.</u>, In the Matter of Complaint and Request for Expedited Treatment of AT&T Communications of the Mountain States, U S WEST's Motion for Final Summary Judgment, Colorado Public Utilities Commission Docket No. 99F-404T at 3, filed Oct. 27, 1999.

⁶ U S WEST also points out that certain private publishers of Commission rules have already made these technical corrections to ensure the accuracy of their annotated versions of the Commission's rules. <u>See, e.g.</u>, Pike & Fischer Communications Regulation, FCC Part 36 Rules § 36.154(a) at 36-256, attached hereto as Exhibit D.

⁷ See 5 U.S.C. § 553(b).

the language in the original Mixed Use Order, which is as follows:

Subcategory 1.1 - State private lines and state WATS lines. This subcategory shall include all private lines and WATS lines carrying exclusively state traffic as well as private lines and WATS lines carrying both state and interstate traffic if the interstate traffic on the line involved constitutes ten percent or less of the total traffic on the line.

Respectfully submitted,

U S WEST COMMUNICATIONS, INC.

By:

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Its Attorney

Of Counsel, Dan L. Poole

February 16, 2000

EXHIBIT A

Before the Federal Communications Commission Washington, D.C. 20554

In the Matter of

MTS and WATS Market

CC Docket No. 78-72

Structure

Amendment of Part 36

CC Docket No. 80-286

of the Commission's Rules and Establishment of a Joint Board

DECISION AND ORDER

Adopted: June 29, 1989;

Released: July 20, 1989

By the Commission: Commissioner Dennis issuing a separate statement.

I. INTRODUCTION

1. This Committon instituted the present phase of this proceeding to re-examine the separations treatment of "mixed use special access lines." and asked the Federal-State Joint Board in CC Docket No. 80-286 (Joint Board) to prepare recommendations concerning these issues. The Joint Board recently issued its recommendations for changes in the separations treatment of mixed use special access lines. In this Order, we adopt the Joint Board's recommendation.

II. JOINT BOARD RECOMMENDATION

- 2. At present, the cost of special access lines carrying both state and interstate traffic is generally assigned to the interstate jurisdiction. The Joint Board found that state interests are better served by permitting states to regulate charges for intrastate private line systems carrying small amounts of interstate traffic than by the current approach, under which the addition of even a de minimus amount of interstate traffic can result in the classification of a line as interstate.⁴ Accordingly, the Joint Board recommended that this Commission adopt new separations procedures directly assigning the cost of mixed use special access lines to the intrastate jurisdiction when the lines carry de minimis amounts of interstate traffic in addition to intrastate traffic. The Joint Board proposed that interstate traffic be deemed de minimis when it amounts to ten percent or less of the total traffic on a special access line. Under its recommendation, the cost of a mixed use line would be directly assigned to the interstate jurisdiction if the line carried a greater proportion of interstate traffic.
- 3. The Joint Board also concluded that the administrative benefits of this rule could best be achieved through certification by customers that each of their special access lines carries more than a *de minimis* amount of interstate traffic. In order to ensure that the benefits of direct assignment were not lost through burdensome verification requirements, the Joint Board proposed a carefully circumscribed, uniform system of verification for use with the proposed separations procedures.⁵

- 4. The Joint Board declined to adopt proposals for allocating the cost of each mixed use special access line between the state and federal jurisdictions based on relative use or a fixed allocation factor because any benefits generated by these methods would be greatly outweighed by their disadvantages. The Joint Board noted that a usage based allocation of mixed use lines would require additional traffic studies that would not be necessary if mixed used lines are directly assigned and stated that such a usage allocation would undermine efforts to simplify the separations process, necessitate changes in the LECs' billing systems, and complicate the tariffing and billing for special access lines. The Joint Board found that a usagebased allocation would also tend to undermine economic efficiency. The Joint Board concluded that proper recognition of state regulatory interests and a reduction in the opportunities for tariff shopping could be achieved under a direct assignment methodology without the substantial administrative difficulties or undesirable effects on economic efficiency inherent in an allocation-based apportionment method.
- 5. The Joint Board did not recommend direct interstate assignment of the cost of all mixed use special access lines because the Joint Board concluded that such a method would undermine state regulatory authority by allowing customers to avoid state tariff regulation through the addition of de minimis amounts of interstate traffic to private line systems carrying primarily intrastate communications. Based on the record in this proceeding, the Joint Board found that the conflicts concerning state versus federal tariffing of special access service have generally involved largely intrastate systems carrying small amounts of interstate traffic. As a result, the Joint Board stated that intrastate assignment (and consequently intrastate tariffing) of special access lines carrying de minimis amounts of interstate traffic was appropriate and sufficient to address existing problems. The Joint Board concluded that more substantial changes in the status quo were not necessary or desirable.6 In making these recommendations, the Joint Board also recognized that the issues raised by dual jurisdictional use of special access lines might need to be re-examined in the future due to changes in telecommunications technology and in the way such services are provided.

III. DISCUSSION

- 6. We believe that the separations procedures recommended by the Joint Board for mixed use special access lines resolve existing concerns in a manner that reasonably recognizes state and federal regulatory interests and fosters administrative simplicity and economic efficiency. These measures avoid the disadvantages in terms of administrative complexity, customer confusion, and economic inefficiency inherent in alternative methods. We therefore adopt the Joint Board's recommendation. In doing so, we also adopt the Joint Board's reasoning in support of its recommendation as our own.
- 7. We recognize that, under the new separations procedures, some intrastate traffic may be carried over federally assigned and tariffed special access lines and some interstate traffic may be carried over state assigned and tariffed special access lines. As the Joint Board recognized, however, jurisdictional separations is not an exact science, and the procedures involved must reflect administrative and other practical concerns in dividing costs between the

jurisdictions. Based on the record in this proceeding, we agree with the Joint Board's conclusion that the new separations procedures for mixed use special access lines are consistent with Smith v. Illinois Bell Telephone Co., 282 U.S. 133 (1930), and the subsequent court decisions. We also believe that the tariffing implications of the new separations rules (i. e., that some interstate traffic will be carried over state tariffed lines and vice versa) is in these circumstances consistent with the system of federal and state regulation established in the Communications Act, which provides a central role for the separations process in determining the scope of state and federal ratemaking authority. Thus, we conclude that the proposed separations procedures properly reflect the dual jurisdictional regulatory structure of the Act.

IV. CONCLUSION

8. For the reasons discussed above, we adopt the Joint Board's recommendations for the separation of investment in mixed use special access lines. Based on the present record, we agree with the Joint Board's conclusion that the new separation procedures will resolve existing problems and accord proper recognition to state and federal regulatory interests while promoting administative simplicity and economic efficiency. 11

ORDERING CLAUSE

9. Accordingly, we adopt the revisions to Part 36 of the Commission's rules recommended by the Joint Board as shown in the Appendix.¹² below effective January 28, 1990. ¹³

FEDERAL COMMUNICATIONS COMMISSION

Donna R. Searcy Secretary

APPENDIX

Title 47 of the Code of Federal Regulations, Part 36, is amended to read as follows:

1. The authority citatition for Part 36 continues to read as follows:

AUTHORITY: Secs. 1, 4 (i) & (j), 205, 221 (c), 403 & 410, as amended, 47 U.S.C. 151, 154 (i) & (j), 205, 221 (c), 403 & 410.

2. Section 36.154 (a) is amended by revising subcategory 1.1 and subcategory 1.2 to read as follows:

(a) * * * * *

Subcategory 1.1 - State private lines and state WATS lines. This subcategory shall include all private lines and WATS lines carrying exclusively state traffic as well as private lines and WATS lines carrying both state and

interstate traffic if the interstate traffic on the line involved constitutes ten percent or less of the total traffic on the line.

Subcategory 1.2 - Interstate private lines and interstate WATS lines. This subcategory shall include all private lines and WATS lines that carry exclusively interstate traffic as well as private lines and WATS lines carrying both state and interstate traffic if the interstate traffic on the line involved constitutes more than ten percent of the total traffic on the line.

FOOTNOTES

- ¹ This term describes special access lines (including WATS access lines) carrying both state and interstate traffic.
- ² MTS and WATS Market Structure and Amendment of Part 67 of the Commission's Rules, 1 FCC Rcd 1287 (1986) (Order Inviting Comments). After initiation of this phase of the proceeding, the name of the proceeding was changed to reflect the fact that the separations rules formerly contained in Part 67 have been revised and incorporated in Part 30 of the Commission's rules.
- ³ MTS and WATS Market Structure and Amendment of Part 36 of the Commission's Rules, FCC 89J-1, released February 8, 1989 (Recommended Decision).
- ⁴ For further discussion of the present separations and tariff treatment of mixed use special access lines see the Joint Board's Recommended Decision, supra note 2, at para, 4.
- In particular, the Joint Board stated that the LECs should only require verification when the customer representations involved appear questionable, and that such verification should be limited to general information on system design and functions whenever possible. Absent extraordinary circumstances, the Joint Board stated that the LECs should not require usage information for purposes of verification unless this information is already available without special studies.
- ⁶ For the full text of the analysis underlying the Joint Board's recommendations, see Recommended Decision, supra note 2, at paras. 22-35.
- We wish to emphasize the importance of the carefully circumscribed verification procedures recommended by the Joint Board. As the Joint Board recognized, traffic on many special access lines cannot be measured at present without significant additional administrative efforts. In many cases, even the end user does not have precise information on traffic patterns, although such customers should have sufficient information on relative state and interstate traffic volumes, for purposes of this rule, based on system design and functions. While we expect customers to act in good faith when certifying the nature of their traffic based on existing information, we do not expect special access customers to perform additional traffic studies for this purpose. To mandate a more rigorous approach would seriously undermine the administrative benefits of the separations procedures recommended by the Joint Board.
- ⁸ See Recommended Decision, supra note 3, at notes 114 and 139.
- ⁹ See, especially, Colorado Interstate Gas Co. v. FPC, 324 U.S. 581 (1945).

EXHIBIT B

54 FR 31032 printed in FULL format.

FEDERAL COMMUNICATIONS COMMISSION
AGENCY: Federal Communications Commission.

47 CFR Part 36
Jurisdictional Separations Procedures

[CC Docket Nos. 78-72, 80-286; FCC 89-224]
RIN 3060-AEO7

54 FR 31032

July 26, 1989

ACTION: Final rule.

SUMMARY: The Commission amends its Part 36 separations rules to assign the cost of mixed use special access lines to the state jurisdiction when ten percent or less of the overall traffic on the special access line is interstate. The cost of mixed use special access lines carrying a greater proportion of interstate traffic would be directly assigned to the interstate jurisdiction. This action is taken pursuant to a Federal/State Joint Board Recommended Decision in this proceeding. The Commission concluded that this approach will resolve existing problems and accord proper recognition to state and federal regulatory interests while avoiding the problems that would result from an allocation-based approach dividing the cost of each special access line between the two jurisdictions.

EFFECTIVE DATE: January 28, 1990.

ADDRESSES: Federal Communications Commission, 1919 M Street, NW., Washington, DC 20554.

FOR FURTHER INFORMATION CONTACT: Claudia Pabo, Policy and Program Planning Division, Common Carrier Bureau (202) 632-4047.

TEXT: SUPPLEMENTARY INFORMATION: This is a summary of the Commission's Report and Order (FCC 89-224) adopted June 29, 1989 and released July 20, 1989. The full text of this decision is available for inspection and copying during normal business hours in the FCC Dockets Branch (Room 239), 1919 M Street, NW., Washington, DC. The complete text of this decision may be purchased from the Commission's copy contractors, International Transcription Service, (202) 857-3800, 2100 M Street, NW., Suite 140, Washington, DC 20037.

Summary of Report and Order

1. At present the cost of mixed use special access lines are generally assigned to the interstate jurisdiction, and customers generally order such lines from the interstate tariffs. The Commission instituted a proceeding to re-examine the separations treatment of mixed use special access lines because the present approach has tended to deprive state regulators of authority over

largely intrastate private line systems carrying only small amounts of interstate traffic. The Commission requested that the Federal-State Joint Board in CC Docket No. 80-286 prepare recommendations concerning these issues.

- 2. On February 8, 1989, the Commission released the Joint Board's Recommended Decision regarding changes in the separations treatment of mixed use special access lines (4 FCC Rcd 1352 (1989)). The Joint Board found that state interests would be better served by permitting states to regulate charges for intrastate lines carrying small amounts of interstate traffic. The Joint Board recommended that the cost of mixed use special access lines be directly assigned to the intrastate jurisdiction when the lines carry de minimis amounts of interstate traffic in addition to intrastate traffic. The Joint Board concluded that interstate traffic should be deemed de minimis when it amounts to ten percent or less of the total traffic on a special access line. The cost of a mixed use line would be directly assigned to the interstate jurisdiction if the line carried a greater proportion of interstate traffic. In order to ensure that the benefits of direct assignment were not lost through burdensome verfication requirements, the Joint Board recommended a carefully circumscribed, uniform system of verification for use with the proposed separations procedures.
- 3. The Joint Board did not recommend direct interstate assignment of the cost of all mixed use special access lines because such a method would undermine state regulatory authority by allowing customers to avoid state tariff regulation through the addition of de minimis amounts of interstate traffic to private line systems carrying primarily intrastate communications. The Joint Board also concluded that it should not recommend allocation of the cost of each mixed use special access line between the state and federal jurisdictions based on relative use or a fixed allocation factor because any benefits generated by these methods would be greatly outweighed by their disadvantages in terms of increased administrative burdens and decreased efficiency.
- 4. The Commission's Decision and Order in this proceeding (FCC 89-224) adopted the Joint Board's recommendation subject to minor changes in implementation measures. The Commission also adopted the Joint Board's reasoning in support of its recommendation.

Ordering Clauses

Accordingly, we adopt the revisions to Part 36 of the Commission's rules recommended by the Joint Board effective January 28, 1990.

List of Subjects in 47 CFR Part 36

Jurisdictional separations procedures; Standard procedures for separating telecommunications property costs, Revenues, Expenses, Taxes and reserves for Telecommunications companies.

Part 36 of Title 47 of the Code of the Federal Regulations is amended as follows:

PART 36 -- JURISDICTIONAL SEPARATIONS PROCEDURES

1. The authority citation for Part 36 continues to read as follows:

Authority: Secs. 1, 4 (i) and (j), 205, 221(c), 403 and 410, as amended, 47 $U.S.C.\ 151,\ 154$ (i) and (j), 205, 221(c), 403 and 410.

- § 36.154 [Amended]
- 2. Section 36.154 (a) is amended by revising subcategory 1.1 and subcategory 1.2 to read as follows:
 - (a) * * *

Subcategory 1.1 -- State private lines and state WATS lines. This subcategory shall include all private lines and WATS lines carring exclusively state traffic as well as private lines and WATS lines carrying exclusively interstate traffic as well as private lines and WATS lines carrying both state and interstate traffic if the interstate traffic on the line involved constitutes ten percent or less of the total traffic on the line.

Subcategory 1.2 -- Interstate private lines and interstate WATS lines. This subcategory shall include all private lines and WATS lines that carry exclusively interstate traffic as well as private lines and WATS lines carrying both state and interstate traffic if the interstate traffic on the line involved constitutes more than ten percent of the total traffic on the line.

* * * * *

Federal Communications Commission.

Donna R. Searcy,

Secretary. [FR Doc. 89-17392 Filed 7-25-89; 8:45 am]

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EXHIBIT C

the appropriate Exchange Cable & Wire Facilities categories. The cost of the remaining wire accounted for as toll is assigned to the appropriate Inter-exchange Cable & Wire Facilities categories as described in \$36.156. For companies not maintaining exchange and toll subaccounts, it is necessary to review the plant records and identify wire plant by use. The cost of wire used for providing circuits directly assignable to a category is assigned to that category. The cost of wire used for providing circuit facilities jointly used for exchange and interexchange lines is assigned to categories on the basis of the relative number of circuit kilometers involved.

- (c) Poles and Antenna Supporting Structures. (1) In the assignment of these costs, anchors, guys, crossarms, antenna supporting structure, and right-of-way are included with the joles.
- (2) Poles. (i) The cost of poles is assigned to categories based on the ratio of the cost of poles to the total cost of serial wire and aspial cable.
- (d) Conduit Systems. (1) The cost of conduit systems is assigned to categories on the basis of the assignment of the cost of underground cable.

[53 FR 17229, May 6, 1987, as amended at 53 FR 33012, Aug. 29, 1988; 58 FR 44805, Aug. 25, 1993]

§ 36.154 Exchange Line Cable and Wire Facilities (C&WF)—Category 1—apportionment procedures.

(a) Exchange Line C&WF—Category 1. The first step in apportioning the cost of exchange line cable and wire facilities among the operations is the determination of an average cost per working loop. This average cost per working loop is determined by dividing the total cost of exchange line cable and wire Category 1 in the study area by the sum of the working loops described in subcategories listed below. The subcategories are:

Subcategory 1.1—State private lines and state WATS lines. This subcategory shall include all private lines and WATS lines carring exclusively state traffic as well as private lines and WATS lines carrying exclusively interstate traffic as well as private lines and WATS lines carrying both state and

interstate traffic if the interstate traffic on the line involved constitutes ten percent or less of the total traffic on the line.

Subcategory 1.2—Interstate private lines and interstate WATS lines. This subcategory shall include all private lines and WATS lines that carry exclusively interstate traffic as well as private lines and WATS lines carrying both state and interstate traffic if the interstate traffic on the line involved constitutes more than ten percent of the total traffic on the line.

Subcategory 1.3—Subscriber or common lines that are jointly used for local exchange service and exchange access for state and interstate interexchange services.

(b) The costs assigned to subcategories 1.1 and 1.2 shall be directly assigned to the appropriate jurisdication.

- (c) Except as provided in §36.154 (d) through (f), effective January 1, 1986, 25 percent of the costs assigned to subcategory 1.3 shall be allocated to the interstate jurisdiction.
- (d) Except as provided in §36.154(f), the interstate allocation of subcategory 1.3 costs for the years 1988, 1989, 1990, 1991 and 1992 will be as follows:
- (1) 1988—The §36.154(e) allocation factor multiplied by .625 plus .09375.
- (2) 1989—The §36.154(e) allocation factor multiplied by .5 plus .125.
- (3) 1990—The §36.154(e) allocation factor multiplied by .375 plus .15625.
- (4) 1991—The §36.154(e) allocation factor multiplied by .25 plus .1875.
- (5) 1992—The §36.154(e) allocation factor multiplied by .125 plus .21875.
- (e) For purposes of the transitional allocations described in §36.154 (d) and (f) an allocation factor known as the subscriber plant factor or SPF that is the sum of the following shall be computed:
- (1) Annual average interstate subscriber line use (SLU), for the calendar year 1981.2 representing the interstate

²In the case of a company that cannot calculate the average interstate subscriber line usage (SLU) ratio for the calendar year 1981, the average interstate SLU for the customarily used 12-month study period ending in 1981 may be utilized. In the case of a company for which no such 1981 annual average SLU exists, the annual average interstate

EXHIBIT D



§36.154 Exchange Line Cable and Wire Facilities (C&WF) - Category 1 - Apportionment Procedures. - (a) Exchange Line C&WF - Category 1. - The first step in apportioning the cost of exchange line cable and wire facilities among the operations is the determination of an average cost per working loop. This average cost per working loop is determined by dividing the total cost of exchange line cable and wire Category 1 in the study area by the sum of the working loops described in subcategories listed below. The subcategories are:

Subcategory 1.1 - State private lines and state WATS lines. This subcategory shall include all private lines and WATS lines carrying exclusively state traffic as well as private lines and WATS lines carrying both state and interstate traffic if the interstate traffic on the line involved constitutes ten percent or less of the total traffic on the line.

Subcategory 1.2 - Interstate private lines and Interstate WATS lines. This subcategory shall include all private lines and WATS lines that carry exclusively interstate traffic as well as private lines and WATS lines carrying both state and interstate traffic if the interstate traffic on the line involved constitutes more than ten percent of the total traffic on the line.

Subcategory 1.3 - Subscriber or common lines that are jointly used for local exchange service and exchange access for state and interstate interexchange services.

- (b) The costs assigned to subcategories 1.1 and 1.2 shall be directly assigned to the appropriate jurisdiction.
- (c) Except as provided in §36.154(d) through (f), effective January 1, 1986, 25 percent of the costs assigned to subcategory 1.3 shall be allocated to the interstate jurisdiction.
- (d) Except as provided in §36.154(f), the interstate allocation of subcategory 1.3 costs for the years 1988, 1989, 1990, 1991 and 1992 will be as follows:
 - (1) 1988 The §36.154(e) allocation factor multiplied by .625 plus .09375.
 - (2) 1989 The \$36.154(e) allocation factor multiplied by .5 plus .125.
 - (3) 1990 The §36.154(e) allocation factor multiplied by .375 plus .15625.
 - (4) 1991 The §36.154(e) allocation factor multiplied by .25 plus .1875.
 - (5) 1992 The 36.154(e) allocation factor multiplied by .125 plus .21875.

CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify that on this 16th day of February, 2000,
I have caused a copy of the foregoing **PETITION OF U S WEST COMMUNICATIONS, INC. FOR TECHNICAL CORRECTIONS** to be served,
via hand delivery, upon the persons/entity listed on the attached service list.

Kelseau Powe, Jr.

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